

Message Text

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ORIGIN L-03

INFO OCT-01 EUR-25 ISO-00 CEA-02 FRB-03 FCSC-01 EB-11

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EUR/EE - MR. DEAL

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FM SECSTATE WASHDC

TO AMEMBASSY BRUSSELS PRIORITY

INFO AMEMBASSY LONDON PRIORITY

AMEMBASSY PARIS PRIORITY

AMEMBASSY PRAGUE PRIORITY

AMEMBASSY BONN PRIORITY

AMCONSUL ZURICH PRIORITY

C O N F I D E N T I A L STATE 195885

E.O. 11652: 11652: GDS

TAGS: PFOR, EFIN, BE, CZ

SUBJECT: GOLD TRANSFER TO CZECHS

REFS: BRUSSELS 6783, 6794

BONN FOR COMMISSIONER CRO'LEY

1. IN VIEW OF POINTS RAISED BY SECGEN WATSON, BELIEVE BEST
PROCEDURE AT THIS POINT IS FOR MEETING TO BE CALLED OF
MEMBERS OF TGC NEXT WEEK AT EARLIEST CONVENIENT TIME TO
CONSIDER PRE-POSITIONING OF CZECH GOLD IN SBC AND RELATED
MATTERS. PURPOSE OF MEETING WOULD ALSO BE TO FURNISH
GUIDANCE TO SECGEN WITH RESPECT TO MATTERS TO BE DISCUSSED
WITH CZECH EXPERTS. US COMMISSIONER SHOULD THEREFORE RE-
QUEST SECGEN CALL SUCH MEETING. FYI:

-- THERE IS NEED OF EXPEDITION IN

IRONING OUT ANY PROBLEMS. END FYI

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2. WE HAVE FOLLOWING COMMENTS ON POINTS RAISED IN WATSON LETTER:

---A. WITH RESPECT TO DIFFICULTIES POSED BY WATSON ON U.S. SIGNATURE BEING LAST, WE ARE PLEASED WITH SOLUTION PROPOSED IN PARA 1 OF BRUSSELS 6794;

---B. WITH RESPECT TO TELESKOPED PROCEDURE, THIS WAS AGREED TO IN 1964. IT HAS NOT BEEN PRACTICE OF TGC TO

REQUIRE ANY GOVERNMENT TO "ACCEPT" THE ADJUDICATION AND IN NETHERLANDS AND OTHER CASES WE HAVE TAKEN VIEW COUNTRIES WERE NOT PREJUDICED IN PURSUING WHATEVER LEGAL RIGHTS THEY HAD BY RECEIVING ADJUDICATION OR MERE SIGNING OF RECEIPT OF GOLD.

---C. WITH RESPECT TO OPENING OF ACCOUNT IN SBC, THIS WAS AGREED TO IN 1964. THE ACCOUNT WAS TO BE OPENED IN NAME OF THREE GOVERNMENTS AND IT WAS CONSIDERED THERE WERE MINIMAL RISKS, IF ANY, OF ATTACHMENT AND SEIZURE.

---D. WITH RESPECT TO CONSULTATIONS WITH FEDERAL RESERVE BANK AND BANK OF ENGLAND, CONSULTATIONS WERE PREVIOUSLY HELD WITH BOTH BANKS AND SUCH CONSULTATIONS CAN BE RESUMED,(PROBABLY BETTER AFTER TGC MEETING) WITH REGARD TO APPROPRIATE SHIPPING INSTRUCTIONS FOR SHIPPING GOLD TO SBC IN ZURICH. WE SEE NO REASON TO ASK BANKS AS TO STATUS OF GOLD IN TRANSIT AS THIS IS TGC MATTER AND SITUATION IS NO DIFFERENT THAN SITUATION WHEN GOLD WAS BEING SENT TO THREE DEPOSITORIES OF TGC. WE CAN REQUEST, AS WE DID IN 1964, AN ESTIMATE OF PRESENT COSTS WHICH WE CAN REQUIRE CZECH GOVT TO PAY IN ADVANCE.

---E. WITH RESPECT TO DELIVERY OF SLIGHTLY UNDER 18,400 KILOGRAMS OF GOLD, THERE IS NO REASON NOT TO ALERT CZECHS TO THIS POINT AS WE BELIEVE WAS DONE IN 1964.

---F. WITH RESPECT TO CZECH DUCATS, IT IS ALSO OUR RECOLLECTION SUCH DUCATS WERE SET ASIDE AT BANK OF ENGLAND AS AMONG COINS IN BAGS TO BE DELIVERED TO CZECHS. IT WAS AT THAT TIME THOUGHT THIS WOULD BE PARTICULARLY GRATIFYING

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TO CZECHS AND MIGHT ALSO REPRESENT A MONETARY ADVANTAGE.

3. WE HAVE PROVIDED ABOVE BRIEF COMMENTS HURRIEDLY TO FURNISH IMMEDIATE BACKGROUND, BUT BELIEVE IN PREPARATION FOR MEETING OF TGC THOROUGH REVIEW SHOULD BE MADE OF U.S. COMMISSIONER'S FILES ON 1964 CONSIDERATION OF THIS MATTER AND LIKE REVIEW SHOULD BE URGED ON OTHER TGC COMMISSIONERS. WE ARE HOPEFUL THAT ON REVIEW OF PREVIOUS CONSIDERATIONS,

COMMISSIONERS WILL PUT ASIDE MOST OF POINTS RAISED BY
SEC GEN WATSON AND QUICKLY CONCUR AGAIN IN PRE-POSITIONING
IN ZURICH AND WILL FURNISH WATSON WITH GUIDANCE NECESSARY
FOR ANY REMAINING POINTS FOR DISCUSSION WITH CZECH EX-
PERTS. AT MEETING OF TGC CONSIDERATION SHOULD ALSO BE
GIVEN TO SPECIFICATION POINT RAISED BY CZECHS AND PERHAPS
ALSO POINT AS TO DESIGNATION OF BODY OR INSTITUTION TO
RECEIVE GOLD.

4. AMEMBASSY PRAGUE REQUESTED APPROACH BRITISH AND FRENCH
EMBASSIES PRAGUE TO ADVISE HOME OFFICES OF TGC MEETING
PROPOSED BY U.S. AND FOR HOME OFFICES TO CONCUR AGAIN AS
IN 1964 TO PRE-POSITIONING GOLD IN ZURICH AND TO SO INFORM
THEIR COMMISSIONERS.

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